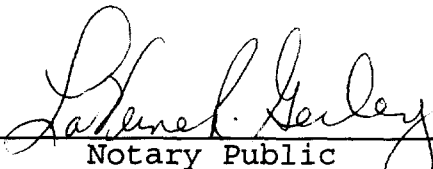


I hereby state, under penalty of perjury, that the statements contained herein are true and correct to the best of my knowledge, information, and belief.

Dated this first day of August, 1997.


James R. Oxler

Subscribed and sworn before me
on this 1st day of August 1997.


Notary Public

LAVERNE GERLEY
NOTARY PUBLIC STATE OF MISSOURI
ST LOUIS COUNTY
MY COMMISSION EXP OCT 11, 2000

In the Matter of Petition of MCI for)
Preemption Pursuant to Section) CC Docket No. 97-166
252(e)(5) of the Telecommunications)
Act of 1996)

AFFIDAVIT OF ALAN G. KERN

1. My name is Alan G. Kern. I am presently Area Manager-Docket Management for Southwestern Bell Telephone Company (SWBT).
2. I graduated from Southeast Missouri State University in 1975 with a bachelors degree in Marketing and obtained a masters degree in Telecommunications Management from Webster University in 1994.
3. I have been employed by SWBT since 1978. I have held various positions with responsibility for network engineering, performing cost studies, industry relations and rates and tariffs. Since 1989 I have been responsible for docket management in the state of Missouri.
4. I was a direct SWBT contact for the Staff of the Missouri Public Service Commission (MPSC) during its analysis of SWBT's cost processes. This analysis was ordered by the MPSC in its Order Granting Clarification and Modification and Denying Motion To Identify and Motion For Rehearing (Order) (Case Nos. TO-97-40 and TO-97-67) dated January 22, 1997. These dockets were opened when arbitration was requested concerning interconnection negotiations between SWBT and AT&T and SWBT and MCI.
5. In the Order, the MPSC set out a 16 week period in which the MPSC Staff would investigate the cost processes of SWBT as well as AT&T and MCI. The purpose of the

meetings with the MPSC Staff was to respond to inquiries from the MPSC Staff, provide documentation for all cost study inputs and calculations and provide access to all of SWBT's cost models. The Order directed the parties to allow the MPSC Staff to analyze the models using various inputs and assumptions.

6. The MPSC Staff began meeting with SWBT cost analysts on February 12, 1997 and continued those meetings through May 8, 1997. Information requested by the MPSC Staff continued to be sent to it by SWBT as late as July 15, 1997.
7. From February 12, 1997 through February 14, 1997, the MPSC Staff met with SWBT cost analysts and discussed the general cost study process, annual cost factor development and the CapCost model (used to calculate capital costs).

From February 19 through February 20, the discussions focused on current cost to book cost ratio development, Telephone Plan Index development, use of mid year convention, the network unbundled loop study and the LOOPVST model (used to calculate loop costs).

From February 25 through February 27, discussions continued on the unbundled loop study and the LOOPVST model. Also discussed was the crossconnect recurring cost study, levelization, depreciation and the CapCost model.

8. From March 4, 1997 through March 6, 1997, discussions were held concerning the CapCost model, the financial impact of the MPSC's prior Arbitration Order in Case Nos. TO-97-40 and TO-97-67, dated December 11, 1996, and general economic principles. Also discussed was calculation of the cost of capital, the capital structure of SWBT and other telecommunication firms and the application of income tax in a cost study.

On March 11 discussions concerned follow up questions on the Telephone Plant Index, miscellaneous cost factor items and general engineering of outside plant facilities.

From March 18 through March 20, topics for discussion were the Switching Cost Information Systems (SCIS) model, the operations support systems cost studies, equal life group and vintage group comparisons, line port cost study, trunk port cost study and the unbundled local switching study.

9. From April 1, 1997 through April 3, 1997, the MPSC Staff and SWBT cost analysts discussed the Network Cost Analysis Tool (NCAT), the Cost Prog model (which is used to calculate investment for dedicated interoffice transport) and the development of joint and common costs.

On April 14 the discussion topic was depreciation.

From April 17 through April 18, discussions were held concerning the resale discount study, Signaling System 7 studies, the development of actual costs, follow up questions on the SCIS model and the NCAT model, nonrecurring costs and "as is" conversions of unbundled elements.

10. From May 7, 1997 through May 8, 1997, there were discussions concerning the MPSC Staff's positions on cost methodology and inputs. The MPSC Staff was taken on a tour of the Chestnut central office in St. Louis, Missouri. Discussions were also held concerning loop testing methods, switch replacement and addition estimates and vendor contracts.
11. In addition to the meetings described above, the MPSC Staff had access to numerous cost models and programs and could operate them to determine impacts of various methodology and input changes. In response to staff requests over the course of the investigation which spanned six months, significant amounts of documentation and information was provided to the MPSC Staff.
12. On June 9, SWBT provided the MPSC Staff with 26 cost studies that were performed using selected methodology and inputs of the MPSC Staff. The MPSC Staff previously provided its cost parameters to SWBT and SWBT personnel performed the studies. The MPSC Staff plans to audit the process used by SWBT to ensure that the methodology and inputs the MPSC Staff requested to be used were in fact used in the calculation of its version of the cost studies.

FURTHER AFFIANT SAYETH NOT.

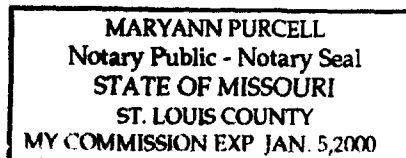

Alan G. Kern

Subscribed and sworn to before me this 29th day of July, 1997.


Notary Public

MY COMMISSION EXPIRES:

Jan. 5, 2000



EXHIBITS

Southwestern Bell

June 26, 1996

Mr. David Rauch
Executive Secretary
Missouri Public Service Commission
301 West High Street, Suite 530
Jefferson City, Missouri 65101

Paul G. Lane
General Attorney
(Missouri)

Dear Mr. Rauch:

Pursuant to §252(a)(2) of the Federal Telecommunications Act of 1996, and the mediation procedures set forth by the Commission on June 17, 1996, Southwestern Bell Telephone Company ("SWBT") hereby requests the Commission to initiate mediation with MCI Telecommunications Corporation ("MCI"). The issue to be mediated is whether a nondisclosure agreement between SWBT and MCI concerning negotiation matters is appropriate and the terms of the interconnection agreement.

MCI initiated interconnection negotiations with SWBT by letter dated March 26, 1996. Under the terms of the Federal Act, either party may request arbitration of unresolved issues during the period from August 8, 1996 to September 2, 1996. Because a nondisclosure agreement has not been executed, no significant substantive progress on interconnection issues has been made. Accordingly, the prompt resolution of this procedural matter is necessary in order to encourage substantive negotiations and to reduce or eliminate the issues which may ultimately be presented to the Commission for arbitration. SWBT believes the mediation process should not be time consuming, and may be completed in a day.

As noted previously, MCI requested interconnection negotiations to begin on March 26. SWBT forwarded a proposed nondisclosure agreement on April 8, but did not receive any response from MCI on the matter until May 13, when MCI proffered its own proposed nondisclosure agreement. SWBT submitted a revised proposed nondisclosure agreement on May 15, 1996 (attached as Exhibit A), but again received no response until shortly before receipt of a June 18, 1996 letter in which MCI stated its position that only a limited nondisclosure agreement was appropriate.

Although the parties have been unable to reach consensus on the scope of the nondisclosure agreement, the clock under the Federal Act continues to run. Only two meetings between the parties have been held, with no resolution of the myriad

100 North Tucker Blvd.
St. Louis, MO 63101-1976

Phone 314 247-5224

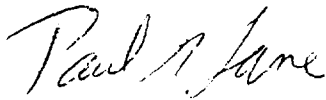
Mr. David Rauch
June 26, 1996
Page 2

of issues which may otherwise be placed before this Commission in an arbitration request under §252 of the Telecommunications Act of 1996. The process of voluntary negotiation envisioned by the Federal Act will not be successful unless the parties immediately commence significant substantive discussions, as have been occurring for months with most other potential interconnection parties.

SWBT would advise the Commission that all of the potential local service providers with whom interconnection negotiations have been conducted have already executed mutually agreeable nondisclosure agreements. SWBT also notes that the Commission has routinely accorded confidential treatment to proprietary information, including the Commission's arbitration procedures under the Federal Act, which call for confidential information to be filed pursuant to the Commission's standard protective order.

In summary, SWBT requests the Commission to promptly initiate mediation procedures on the limited issue of an appropriate nondisclosure agreement between SWBT and MCI. A prompt resolution of this issue will assist the parties in conducting voluntary negotiations and reduce, if not eliminate, the issues which may ultimately be presented to this Commission for arbitration.

Very truly yours,



Paul G. Lane

cc: Mr. Michael A Beach
Vice President-Local Markets
MCI Telecommunications Corporation
8521 Leesburg Pike
Vienna, Virginia 22182

Mr. Stephen F. Morris
Senior Attorney
MCI Telecommunications Corporation
701 Brazos, Suite 600
Austin, Texas 78701

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of AT&T Communications of the Southwest,)
Inc.'s Petition for Arbitration Pursuant to Section 252(b))
of the Telecommunications Act of 1996 to Establish an) Case No. TO-97-40
Interconnection Agreement With Southwestern Bell Telephone)
Company.)
)

In the Matter of the Petition of MCI Telecommunications)
Corporation and Its Affiliates, Including MCIMetro Access)
Transmission Services, Inc., for Arbitration and Mediation) Case No. TO-97-67
Under the Federal Telecommunications Act of 1996 of)
Unresolved Interconnection Issues With Southwestern Bell)
Telephone Company.)
)

ORDER GRANTING CONSOLIDATION
AND ADJUSTING PROCEDURAL SCHEDULE

On July 29, 1996, AT&T Communications of the Southwest, Inc. (AT&T) filed with the Commission a petition requesting arbitration of an interconnection agreement with Southwestern Bell Telephone Company (SWBT). That case was docketed as Commission Case No. TO-97-40. On August 16, 1996, MCI Telecommunications Corporation and its affiliates (MCI) filed a petition for arbitration of an interconnection agreement with SWBT, and that case was docketed as Commission Case No. TO-97-67. On August 16, 1996, AT&T and MCI filed a joint motion to consolidate Cases No. TO-97-40 and TO-97-67. The Commission requested responses to that motion, and the Commission further investigated the ramifications of such a consolidation at the scheduling conference which was held in Case No. TO-97-40 on August 30, 1996. During the interim, both of these cases have been reassigned to a different Administrative Law Judge (ALJ), and on September 13, 1996, a telephone conference was convened by the ALJ with AT&T, MCI, SWBT and the Office of the Public Counsel (OPC).

As a result of the telephone conference, the Commission finds that all parties to this case are in agreement as to how the consolidation should work and as to the effect it will have on the procedural dates in both of these cases. The Commission has reviewed the proposed consolidation and the change in dates which it would require, and finds that the consolidation of these cases is in the public interest. The Commission finds that the issues to be presented by all parties herein are sufficiently similar so that a consolidation will allow these issues to be presented to the Commission once instead of in two separate proceedings. The Commission finds that this consolidation may be made in the interest of agency efficiency and economy to all parties. The Commission finds that consolidation of these cases will require only that the filing of direct testimony be delayed for two days and that the filing of rebuttal testimony will be delayed by one day.

The parties have agreed to provide an issues memorandum to the Commission, and this document shall be filed not later than noon on October 3, 1996. The issues memorandum shall clearly set out the position of each party on every contested issue. The parties are encouraged to attach to the issues memorandum a glossary of those acronyms, terms and definitions which may be used in this hearing for the benefit of the parties, the Commission and the court reporter.

IT IS THEREFORE ORDERED:

1. That Commission Case No. TO-97-40 and Commission Case No. TO-97-67 shall be consolidated with TO-97-40 listed as the lead case.

2. That the Commission will maintain its current hearing schedule, now to be used for the consolidated cases, such that a hearing shall be convened at 10:00 a.m. on October 7, 1996, and may continue as late as October 18, 1996, if necessary.

3. That the simultaneous filing of the direct testimony of all parties shall be due not later than 3:00 p.m. on September 18, 1996.

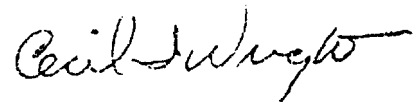
4. That the simultaneous filing of the rebuttal testimony shall be due not later than 3:00 p.m. on October 1, 1996.

5. That the parties shall jointly file an issues memorandum not later than noon on October 3, 1996.

6. That anyone with special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

7. That this order shall become effective on the date hereof.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

(S E A L)


Dale Hardy Roberts, Chief Administrative
Law Judge, by delegation of authority
under Commission Directive of January 3,
1995, pursuant to Section 386.240,
R.S.Mo. 1994.

Dated at Jefferson City, Missouri,
on this 17th day of September, 1996.

**STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 17 day of SEPTEMBER, 1996.**


**Cecil I. Wright
Executive Secretary**

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of AT&T Communications of the Southwest,)
Inc.'s Petition for Arbitration pursuant to Section 252(b))
of the Telecommunications Act of 1996 to Establish an) Case No. TO-97-40
Interconnection Agreement with Southwestern Bell)
Telephone Company.)

Petition of MCI Telecommunications Corporation and its)
Affiliates, Including MCImetro Access Transmission)
Services, Inc. for Arbitration and Mediation Under the) Case No. TO-97-67
Federal Telecommunications Act of 1996 of Unresolved)
Interconnection Issues with Southwestern Bell Telephone)
Company.)

FILED

OCT 7 - 1996

ISSUES MEMORANDUM

I. INTRODUCTION

**MISSOURI
PUBLIC SERVICE COMMISSION**

On July 29, 1996, AT&T Communications of the Southwest (AT&T) filed a Petition for Arbitration with the Missouri Public Service Commission (Commission) to establish an Interconnection Agreement pursuant to the provisions of Section 252(b) of the Telecommunications Act of 1996 (the Federal Act) between AT&T and Southwestern Bell Telephone Company (SWBT). It was docketed as Commission Case No. TO-97-40.

On July 31, 1996, the Commission issued an Order giving notice to SWBT of AT&T's Arbitration Request and its Motions concerning the proposed procedural schedule, discovery and protective order. The Commission adopted its standard protective order pending its ruling on AT&T's motion to modify the protective order. SWBT filed its Response to AT&T's motions on August 2, 1996. On August 9, 1996, the Commission established a procedural schedule; ruled that it would allow the Parties to file a pleading after the filing of Direct Testimony indicating what additional information the party believes it needs and that the Commission

would issue an order addressing those requests; and found that no change was necessary to the Commission's standard protective order.

On August 16, 1996, MCI Telecommunications Corporation and its affiliate MCImetro Access Transmission Services, Inc. (MCI) filed a Petition for Arbitration with the Commission for Arbitration and Mediation under the Federal Act to establish an Interconnection Agreement with SWBT. It was docketed as Commission Case No. TO-97-67. On August 20, 1996, the Commission issued an Order giving SWBT Notice of MCI's Petition for Arbitration.

On August 16, 1996, AT&T and MCI filed a Joint Motion to Consolidate Case Nos. TO-97-40 and TO-97-67. AT&T also filed a Motion for Reconsideration regarding the procedural schedule and the protective order. On August 22, 1996, SWBT and OPC filed their Response. On September 4, 1996, the Commission granted its Order allowing for the filing of simultaneous testimony. On September 5, 1996, the Commission issued a Notice of Correction to their September 4, 1996 Order concerning the protective order as it pertains to cost studies. On September 6, 1996, the Commission issued an Order denying the intervention of Sprint Communications and CompTel. On September 20, 1996, the Commission denied Sprint's request for the opening of a generic docket. Following scheduling conferences convened by the Administrative Law Judge assigned to this case, the Commission on September 17, 1996, issued an Order consolidating these two Arbitration cases, with Case No. TO-97-40 as the lead case, and modified the procedural schedule to accommodate the consolidation.

On August 23, 1996, SWBT filed its Response to AT&T's Application for Arbitration. On September 10, 1996, SWBT filed its Response to MCI's Petition for Arbitration.

On September 18, 1996, the Parties filed simultaneous Direct Testimony. On September 20, 1996, SWBT and AT&T filed data request pleadings with the Commission. AT&T and MCI objected to some of SWBT's data requests. On October 1, 1996, the Parties filed simultaneous Rebuttal Testimony.

Since the filing of AT&T's Petition, AT&T and SWBT have reached a Stipulated Agreement addressing certain aspects of interconnection. These Agreements in principal resolve some of the substantive issues between the Parties. Wording is currently being negotiated for the Missouri Stipulation.

This case is scheduled to be heard during the weeks of October 7 and October 15, 1996. Each party is responsible for the statement of their positions set forth herein and no other party agrees to or acquiesces in such statements by its signature hereto.

II. ISSUES

Cost Issues

1. What costing model should the Commission utilize in this proceeding?

SWBT: SWBT proposes to utilize its Total Element Long Run Incremental Cost (TELRIC) studies, which are in compliance with the FCC's Interconnection Order in Docket 96-98. SWBT's TELRIC methodology is consistent with SWBT's long run incremental cost studies, which were conducted in Missouri pursuant to the 1977 Commission Order in Docket 18309.

The results of the Hatfield Model proposals of AT&T/MCI are neither realistic nor reasonable because the Hatfield results fail to comply with all aspects of the FCC's TELRIC costing requirements. Without limitation, those failures include the use of nonforward-looking

economic costs, such as inadequate depreciation lives and rates and inadequate capital costs including inappropriate capital structure and cost of equity, which will deny a reasonable profit to SWBT in providing the unbundled elements. These Hatfield results either fail to account for all costs incurred in providing unbundled elements in some instances, such as support structures, or include excessive costs in other instances, such as through the use of unreasonable inaccurate "fill" factors for measuring expected total usage of the unbundled element. The results also understate the reasonably expected common costs that should be included in the unbundled element. In many respects the Hatfield results are based upon unproved, untested assumptions and speculations, based upon nation-wide assumptions not specific to nor representative of Missouri operating conditions, that have no reasonable historical nor prospective basis and cannot be independently verified nor tested. A clear indication of the discrepancy of Hatfield results with likely operating costs is amply demonstrated with the Hatfield proposal for unbundled loop costs of \$13.26 per month, which is almost 28% below even the FCC's proposed proxy ceiling of \$18.32 per month. (Conwell Rebuttal pp. 6-8; Schedules 1-6; Moore Rebuttal p. 2-7; Tardiff Rebuttal pp. 2-27; Avera Rebuttal pp. 2-16; Schedules 1-10; Lube Rebuttal pp. 2-26; Schedules 1-3).

AT&T: AT&T takes the position that the Hatfield Model is the best cost study tool available to the Commission upon which to set prices for unbundled network elements in this proceeding. The Hatfield Model meets all criteria identified by the FCC for appropriate total element long run incremental cost (TELRIC) studies.

The TELRIC studies produced by Southwestern Bell are completely inadequate and do not meet with FCC's requirements. Some of the more significant deficiencies are as follows:

- Southwestern Bell has failed to explain with specificity why and how specific functions are necessary to provide network elements and how the associated costs were developed for each cost study.
- Southwestern Bell has not demonstrated that it used reasonable appropriate fill, depreciation, cost of money, or numerous other factors.
- Southwestern Bell has not demonstrated that its studies are based on a forward-looking economic cost methodology using the most efficient technology, its current wire center locations, or that it took into consideration the entire quantity of the network element provided.

Without the appropriate supporting information, the cost studies produced by Southwestern Bell are of little or no value toward use in determining appropriate, TELRIC-based rates. Southwestern Bell's "black box" inputs into its studies produce unsupported results and do not permit verification of whether the rates that would result from their use would be reasonable.

MCI: The Hatfield Model meets the FCC's criteria. It uses a long-run assumption, studies the total demand for an element, is forward-looking, attributes costs on a cost-causative basis, includes a 10% mark-up for overhead, and includes a reasonable profit through cost of capital. It excludes embedded costs and universal service subsidies. It is open and flexible. SWBT's historical, inaccessible and inscrutable cost studies do not meet the FCC's criteria and are not an appropriate basis for pricing network elements. For example, these studies result in a price squeeze with rates for unbundled loop plus cross-connect which exceed

SWBT's rate for local exchange service. (Goodfriend Direct pp. 17-32, Rebuttal pp. 2-17; Jernigan Direct pp. 3-25, Rebuttal pp. 1-10).

The Hatfield Model uses the best publicly available state-specific and company-specific data in a methodology based upon engineering standards and methods applicable to the local exchange network in order to estimate the costs that would be incurred by an efficient firm to provide unbundled network functions and basic exchange service. Inputs are readily identifiable. In contrast, SWBT's proposed studies cannot even be evaluated due to lack of information. (Jernigan Direct pp. 3-25, Rebuttal pp. 1-10; Goodfriend Direct pp. 23-32, Rebuttal pp. 2-17).

OPC: The Office of the Public Counsel ("Public Counsel") has not taken a position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing. However, based upon the prefiled evidence, Public Counsel does not believe SWBT has met its burden of proof to demonstrate that its cost models and prices based thereon should be adopted. In absence of this evidence, it appears the FCC deficient proxy ceilings should apply.

2. What capital costs should be utilized in cost in TELRIC cost studies?

SWBT: A cost of capital of 10.69% is utilized in SWBT's TELRIC cost studies. This rate is reasonable, conservative and within the 11.25% rate which the FCC has indicated is acceptable. It is also consistent with investor expectations which is the underlying requirement in determining forward-looking cost of capital. In addition, economic depreciation lives and rates should be used as propounded by SWBT as these take into account all forward-looking depreciation costs as required by the FCC. The tax rate used should be that appropriate for the

capital cost structure as propounded by SWBT. (Avera Direct pp. 2-15; Avera Rebuttal pp 2-16; Schedules 1-10).

AT&T: AT&T witness Cornell proposes a methodology for computing the cost of capital of 9.71% for use in the HCM, based on WACC computations. Mr. Cornell says that this rate is probably high, if anything, as it does not consider the lower risk to SWBT from such events as the waning of regulation, the small risk of uneconomic bypass for the near future, lack of near-term competition, et cetera. The HCM utilizes a cost of capital of 10.01%, which falls in the range of reasonableness proposed by Mr. Cornell. (Cornell Direct; Flappan Direct, p. 34.)

MCI: The Commission should continue to use the last authorized return for SWBT. See Report and Order, Case No. TC-93-224 (December 17, 1993). MCI has used this return as an input in the Hatfield Model. (Jernigan Direct p. 24).

OPC: Public Counsel has not taken a position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing. However, based upon the prefiled evidence, Public Counsel does not believe SWBT has met its burden of proof to demonstrate that its cost models and prices based thereon should be adopted. In absence of this evidence, it appears the FCC deficient proxy ceilings should apply.

Network Issues

Unbundled Network Elements

3. **What unbundled network elements should SWBT be required to make available?**

SWBT: SWBT is willing to make available nine basic unbundled network elements: the unbundled local loop; loop cross connect; access to Network Interface Devices (NID); local switching; tandem switching; interoffice transport (common transport and dedicated transport); signaling and call related databases; access to operations support systems functions; and access to operator service and directory assistance (DA). (Deere Direct p. 2).

AT&T: AT&T has identified and requests that the Commission make available the following unbundled network elements for purchase either individually or in a combination with other elements; network interface device (NID); local loop distribution; loop concentrator/multiplexer; loop feeder; local switching; operator systems; dedicated transport; common transport; tandem switching; signaling length transport; signal transfer point; and service control points/data bases.

MCI: MCI requests unbundling of all network elements as ordered by the FCC in Docket No. 96-98. All requests for unbundled elements should be handled in accordance with defined make-ready, service order and cut-over procedures. (Powers Direct pp. 23-46, 50-51).

MCI requests unbundled access to signal transfer points, signaling link elements and signaling services. MCI also request interconnection at two designated cross-connect points (one designated by each party) within each LATA without explicit charge for ports on signal transfer points, resulting in connectivity to all components and capabilities of the SS7 network. (Powers Direct pp. 41-42, Rebuttal p. 9).

MCI requests billing and recording information to track database usage, the ability to store data within the Line Information Database and receipt of billing number screening,

calling card validation and data screening from that database, return to the MCI switch of routing for ported numbers and industry-specified indication of non-ported numbers and NPA-NXX from the local number portability service control point, and receipt of descriptions and detailed technical information regarding Advanced Intelligent Network applications, database and application capacity on AIN service control points and access to third party applications housed in AIN SCP (with third party consent). (Powers Direct pp. 44-45).

MCI requests: nondiscriminatory access to SCE hardware, software, testing and technical support resources; partitioned SCPs to protect MCI logic and data; nondiscriminatory training and documentation; secure LAN/WAN and dial-up remote access to SCE/SMS; and unrestricted creation of applications and downloading of data. (Powers Direct pp. 45-46).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

4. Should loop cross connect be a separate unbundled network element?

SWBT: Yes. There should be a separate set of cross connect elements because there are a number of different types of cross connections required. (Deere Direct pp. 40-42).

AT&T: It is AT&T's position that the cross connect should not be considered a separate unbundled network element because it is a part of the loop. The FCC defined the loop as a facility between the NID at the customer location and the distribution frame in the

incumbent LECs central office. FCC Order, ¶380. AT&T contends that the proposed inclusion of the cross connect element would introduce unnecessary cost to competitors.

MCI: MCI requests that all types of operational (cross-connect) cabling be included with other elements and not separately unbundled. (Powers Direct pp. 26-28, Rebuttal p. 6).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

5. Should SWBT be required to offer sub-loop unbundling?

SWBT: No. It is not technically feasible to unbundle the loop further without causing a high probability of network failure. Sub-loop unbundling would substantially reduce SWBT's ability to manage, control, and monitor performance of its network. The FCC considered but did not require sub-loop unbundling. (Deere Direct pp. 8-39, Rebuttal pp. 5-6).

AT&T: Yes. AT&T submits that the three subloop network elements linking the network interface device (NID) to the local switch should be unbundled. These elements are: (1) loop distribution plant; (2) the loop concentrator/multiplexer; and (3) loop feeder. Unbundling of these subloop elements is technically feasible. The technical specifications for establishing interconnection with the loop elements are documented in various existing industry technical publications which are listed in the Interconnection Agreement which AT&T has proposed in this proceeding. See Interconnection Agreement Attachment 6, Unbundled Network Elements, Paragraphs 4.2.5, 4.6.2, 5.2.4, 6.5.2 and 6.6.7.

MCI: MCI requests sub-loop unbundling of loop distribution cables from feeder/distribution interface (FDI) to network interface device (NID) with direct feeder access to the FDI. (Powers Direct pp. 48-51, Rebuttal pp. 2-6).

OPC: Public Counsel takes no position on the various sub-issues at this time, but reserves the right to cross-examine the witnesses and to comment and submit its position, if any, on the issue and sub-issues based upon the evidence adduced at the arbitration hearing.

6. Should SWBT be required to offer dark fiber at this time?

SWBT: No. The FCC specifically declined to require incumbent LECs to offer dark fiber at this time. The FCC stated that it would continue to review and revise its rules in this area as necessary. The Commission should permit the FCC to continue its review and to make its determination of whether dark fiber qualifies as an unbundled network element. SWBT also believes that it is not technically feasible to provide dark fiber. (Deere Rebuttal pp. 2-3).

AT&T: Yes. Page 62 of the FCC Order addresses “dark” fiber in paragraph 450. The FCC declined to order unbundling of “dark” fiber and indicated that it will continue to revise and review the rules on this issue. AT&T believes that the FCC has empowered the states to order further unbundling (paragraph 244) and suggests that “dark” fiber should be unbundled in this proceeding.

MCI: MCI requests dark fiber be made accessible, with availability, specifications and splice access points to be disclosed within 10 days of request for a specific route. (Powers Direct pp. 37-38).